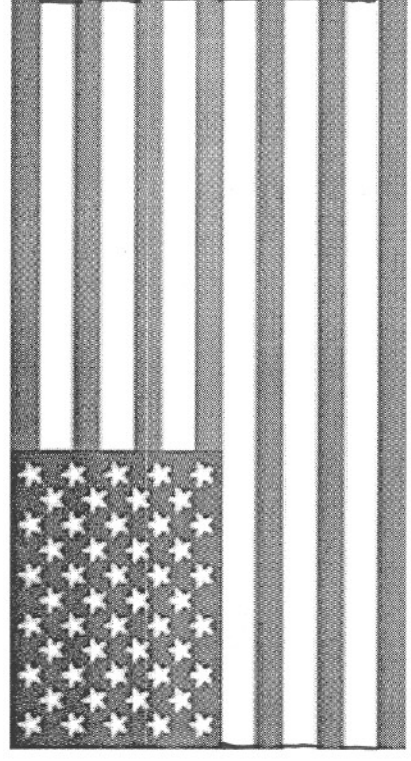
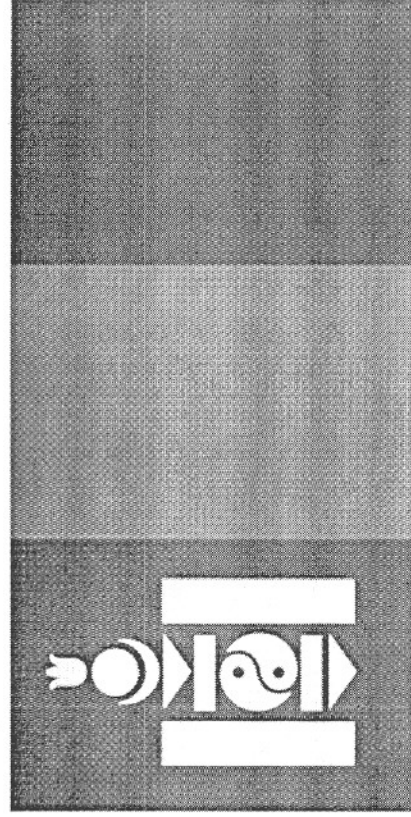


Expanding Mongolia's Export Opportunities through GSP

**Office of the U.S. Trade
Representative**

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Today's Discussion

- ☐ **U.S. imports from Mongolia's under GSP**
- ☐ **Mongolia and the Generalized System of Preferences (GSP) Program**
- ☐ **How to increase Mongolia's use of GSP duty-free opportunities**

GSP Program

- ☐ **Created by Congress in 1974; renewed through 2008.**
- ☐ **Creates opportunities in 134 countries, while expanding choices for U.S. industries & consumers.**
- ☐ **Provides duty-free treatment for 3,400 products for all, plus 1400 more products from LDCs.**
- ☐ **GSP imports increasing: \$32.6 billion in 2006, up 22% over 2005.**

U.S. Imports from Mongolia Under GSP in 2006

- ❑ 530,116 (227% increase over 2005)**
 - ❑ 5 types of products**
 - ❑ Small amount of all U.S. imports from Mongolia (0.5% of \$113m)**
 - ❑ Mongolia's GSP utilization 58% of potential benefits in 2006. (GSP overall average is 71%).**
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U.S. Imports from Mongolia Under GSP (2006)

- ☐ Tungsten concentrates (MFN rate: 1.7%):
\$367,176
- ☐ Plastic hangers (3%): \$146,614
- ☐ Plastic household and toilet articles
(3.4%): \$14,173
- ☐ Plastic articles of apparel & accessories
(5%): \$2,804
- ☐ Headgear of fur (3.3%): \$349

Which Products are Eligible for Duty-Free GSP Treatment?

- ☐ **Eligible:** most dutiable manufactures and inputs for manufactured items; certain agricultural, fishery, and primary industrial products (metals, chemicals, derivatives).

- ☐ **Not eligible:** certain textiles, watches, certain footwear and handbags, luggage, flat goods not made of silk, work gloves, and certain leather apparel.

How Exports Qualify for GSP Duty-Free Treatment

- 1. On list of GSP-eligible articles.**
- 2. Imported directly from Mongolia or pass through another country in a sealed container.**
- 3. Be growth or product of Mongolia, or if product uses imported inputs, product must meet 35% value-added and transformation rules.**
- 4. An "A", "A+", or A* is written before the tariff number on U.S. customs form.**

A: from all beneficiaries; A+: from LDCs; A*: one or more countries excluded from GSP treatment.

Rules of Origin

- ☐ **Sum of imported materials' cost or value, plus direct costs of processing, must equal at least 35% of the product's value when sold into the United States.**

- ☐ **Imported inputs must be "substantially transformed" in Mongolia to produce or manufacture the product. "Substantially transformed" means the U.S. would classify them as different items.**

Ensure GSP Duty-free Entry into the U.S.

Importer must place an "A," "A*," or "A+" in front of the HTSUS tariff number on the summary U.S. customs entry form, Line 27.

DEPARTMENT OF HOMELAND SECURITY U.S. Customs and Border Protection										FORM 7501 (04/05)	
ENTRY SUMMARY											
1. Importing Carrier		2. Mode of Transport		3. Entry Type		4. Entry Date		5. Summary Date			
6. Surety No.		7. Bond Type		8. Port Code		9. Entry Date		10. Entry Date			
11. B/L or A/Ws No.		12. Manufacturer ID		13. Country of Origin		14. Exporting Country		15. Export Date			
16. I.T. No.		17. I.T. Date		18. Missing Docs		19. Foreign Port of Lading		20. U.S. Port of Unloading			
21. Location of Goods (U.S. No.)		22. Consignee No.		23. Importer No.		24. Reference No.		25. Ultimate Consignee Name and Address			
26. Importer of Record Name and Address		27. Importer of Record Name and Address		28. Importer of Record Name and Address		29. Importer of Record Name and Address		30. Importer of Record Name and Address			
City		State		Zip		City		State		Zip	
31. Line No.		32. A. HTSUS No.		33. B. AD/CVD Case No.		34. A. Gross Weight		35. B. Manifest Qty.		36. C. Net Quantity in HTSUS Units	
37. A. Entered Value		38. B. HTSUS Rate		39. A. AD/CVD Rate		40. B. IRC Rate		41. C. Visa No.		42. Duty and I.R. Tax	
D. Relationship		E. Assessed Duty		F. Assessed Tax		G. Assessed Other		H. Assessed Total		I. Total	
Other Fee Summary for Block 39		35. Total Entered Value		CBP USE ONLY		TOTALS		36. Duty		37. Tax	
38. Total Other Fees		39. Total Entered Value		REASON CODE		40. Assessed Duty		41. Assessed Tax		42. Assessed Other	
43. Declaration of Importer of Record (Owner or Purchaser) or Authorized Agent		44. Declaration of Importer of Record (Owner or Purchaser) or Authorized Agent		45. Declaration of Importer of Record (Owner or Purchaser) or Authorized Agent		46. Declaration of Importer of Record (Owner or Purchaser) or Authorized Agent		47. Declaration of Importer of Record (Owner or Purchaser) or Authorized Agent		48. Declaration of Importer of Record (Owner or Purchaser) or Authorized Agent	
49. Declaration Name		50. Title		51. Signature		52. Date		53. Declaration Name		54. Title	
55. Broken for information (Name, address, phone number)		56. Broken for information (Name, address, phone number)		57. Broken for information (Name, address, phone number)		58. Broken for information (Name, address, phone number)		59. Broken for information (Name, address, phone number)		60. Broken for information (Name, address, phone number)	
61. Broken for information (Name, address, phone number)		62. Broken for information (Name, address, phone number)		63. Broken for information (Name, address, phone number)		64. Broken for information (Name, address, phone number)		65. Broken for information (Name, address, phone number)		66. Broken for information (Name, address, phone number)	

For Paperwork Reduction Act information click below:
CBP Form 7501 (04/05)

Increasing Use of GSP Benefits

- 1. Ensure products are getting GSP duty-free treatment when eligible.**
- 2. Increase exports of GSP-eligible textile and apparel products.**
- 3. Identify Mongolia's exports to other countries that are GSP-eligible.**
- 4. Identify other potential exports**
- 5. Enter into a certified handicraft arrangement.**

Ensure GSP Treatment is Claimed for All Eligible Products

- ☐ **U.S. imported \$912,435 in GSP-eligible products from Mongolia in 2006.**
 - ☐ **BUT, \$382,319 (42%) of those imports (19 product categories in 2003-2006) did NOT receive GSP duty-free treatment.**
 - ☐ **Maybe products didn't meet rules of origin**
 - ☐ **But if they did – importers paid duties as high as 7% (national flags) unnecessarily.**
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GSP-eligible Imports with Largest Trade but Lowest Percentages Claimed under GSP

- ☐ **Certain plastic articles for packing goods, including sacks and bags (MFN Rate 3%): 50.3% of \$290,000 in U.S. imports**
 - ☐ **Plastic articles of apparel and accessories (5%): 21.6% of \$13,000 in U.S. imports**
 - ☐ **Wool or fine animal hair fibers (0.7%): None of the \$45,600 in U.S. imports**
 - ☐ **Parts of gas and electricity meters (3.2%): None of \$75,600 in U.S. imports**
 - ☐ **Parts of electrical machines (2.6%): None of the \$35,000 in U.S. imports**
-

Increase GSP-eligible textile and apparel exports: cashmere

- ☐ **51031000: Noils of wool or of fine animal hair (0.4%)**
- ☐ **51032000: Other waste of wool or of fine animal hair, (2.6 cents per kg)**
- ☐ **57025120: Floor coverings (hand-woven and not of pile construction) (4.3%)**
- ☐ **57031020: Tufted hand-hooked carpets & other floor coverings of wool or fine animal hair (6%)**
- ☐ **51161008: Sports gloves, mitts, and mittens (2.8%)**

Increase GSP-eligible textile and apparel exports: cashmere

- ☐ **63049940: Certified hand-loomed and folklore wall hangings of wool or fine animal hair**
- ☐ **63049910: Certified hand-loomed and folklore pillow covers of wool or fine animal hair**
- ☐ **65069900: Headgear of materials other than rubber, plastics, or furskins, whether or not lined or trimmed**

Increase GSP-eligible textile and apparel exports: fur

- ☐ 65010060: Hat forms, bodies and hoods of fur felt for women or girls**
- ☐ 65069200: Headgear of furskin, wether or not lined or trimmed**

Increase GSP-eligible textile & apparel exports: cashmere blend

These products would have to, according to the HTSUS product description, contain 70% or more of silk or silk waste, so technically could be blended with up to 30% or less cashmere:

- ☐ **61171040 Shawls, scarves, etc. knitted or crocheted, containing 70% or more by weight of silk or silk waste**
- ☐ **61178085 Headbands, ponytail holders & similar articles, of textile materials other than containing 70% or more by weight of silk knitted or crocheted**
- ☐ **62131010 Handkerchiefs, not knitted or crocheted, containing 70% or more by weight of silk or silk waste**

Increase GSP-eligible textile & apparel exports: cashmere blend

- ☐ **62141010 Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, containing 70% or more by weight of silk or silk waste**
- ☐ **62171085 Headbands, ponytail holders & similar articles, of textile materials other than containing less than 70% by weight of silk knitted or crocheted**
- ☐ **62043960 Women's or girls' suit-type jackets and blazer, not knitted or crocheted, containing 70% or more by weight of silk or silk waste**
- ☐ **62044910 Women's or girls' dresses, not knitted or crocheted, containing 70% or more by weight of silk or silk waste**

Consider exporting more products to the U.S. duty-free under GSP

Mongolia exports these U.S. GSP-eligible products to the EU and Japan, but little or none to the U.S.:

- ☐ **611693: Certain knitted/crocheted synthetic fiber gloves and mittens (9.7%)**
- ☐ **640590: Disposable footwear (8.2%)**
- ☐ **630499: Non-knitted/non-crocheted textile wall hangings and pillow covers (7.5%)**
- ☐ **382311: Stearic acid (for soaps, cosmetics, candles, oil pastels) (7.0%)**
- ☐ **390760: Polyethylene terephthalate (raw material for manmade fibers) (6.5%)**
- ☐ **390610: Polymethyl methacrylate (glass substitute) (6.3%)**

Consider exporting more products to the U.S. duty-free under GSP

- ☐ **280469: Silicon (5.4%)**
- ☐ **430230: Tanned/dressed whole or pieced fur skins (5.3%)**
- ☐ **340211: Certain organic cleaning agents (4.7%)**
- ☐ **392690: Plastic buckets, pacifiers, boat parts, handbags, fake gemstones, slide mounts, belts, clothespins, inflatables, document binders, etc. (2.8-6.5%)**

Consider exporting more products to the U.S. duty-free under GSP

- ☐ **441820, 441900, & 442190: Wood doors, tableware, kitchenware, blinds, shutters, ice cream sticks, etc. (3.1- 4.8%)**
- ☐ **720299: Ferroalloys (4.7%)**
- ☐ **848180: Pipe taps, valves, etc. (3.7%)**
- ☐ **850780: Storage batteries (3.4%)**
- ☐ **410791: Certain bovine leather (3.2%)**
- ☐ **210410: Soups, broths & prep (3.2%)**
- ☐ **711790: Misc. imitation jewelry (3.2%)**
- ☐ **510320: Noils & other wool/fine animal hair waste (3.0%)**

Consider exporting industrial products to the U.S. duty-free under GSP

- ☐ **Copper ores, concentrates, oxides, sulfate and products of copper**
- ☐ **Tungsten concentrates, oxides, products**
- ☐ **Ash and residues containing mainly zinc or tungsten**
- ☐ **Distillates of high-temperature coal tar**
- ☐ **Molybdenum: oxides, chemical mixtures, bars, rods, wires, planes, chisels**
- ☐ **Tin: chemicals, alloys, many products**
- ☐ **Gold: compounds and jewelry**

Export Mongolia's competitive GSP-eligible products in the U.S. market

- ☐ **Bovine and equine leather**
 - ☐ **Copper ores and concentrates**
 - ☐ **Gold in semi-manufactured forms**
 - ☐ **Other minerals (earlier slide)**
 - ☐ **Preserved meat and offal of bovine animals**
 - ☐ **Raw hides and skins of bovine/equine animals**
 - ☐ **Wool, not carded or combed**
 - ☐ **"Food, beverages, and tobacco"**
-

Conclude GSP Certified Textile Handicraft Arrangement

- ☐ **Certain textile hand-loomed and folklore products will become eligible for GSP duty-free treatment:**
 - **wall hangings**
 - **pillow covers**
 - **certain textile floor coverings**

- ☐ **How? When U.S. and Mongolia complete the exchange letters that indicate Mongolia will provide necessary certification (stamp by identified individuals) that items are hand-made and folkloric.**

For Further Information

Office of the U.S. Trade Representative Website:

GSP guidebook, lists of GSP-eligible and ineligible products, notices:

- [http://www.ustr.gov/Trade Development/Preference Programs/GSP/Section Index.html](http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/Section_Index.html)

For Further Information

U.S. Tariff Schedule:

- **<http://www.usitc.gov/tata/hts>**

Department of Homeland Security: Customs & Border Protection:

<http://www.customs.gov/xp/cgov/import/>

- **Customs Entry Form 7501:**
<https://forms.customs.gov/customsrf/getformharness.asp?formName=cf-7501-form.xft>
- **<http://www.customs.treas.gov/xp/cgov/toolbox/publications/>**

For Further Information

Potential exports to the U.S. and elsewhere:

- **<http://www.intracen.org/menus/countries.htm>**